

# Minutes

## Seattle City Employees' Retirement System Regular Board Meeting

Wednesday, July 6, 2011 - 9:00 a.m.  
Pacific Building, 9<sup>th</sup> Floor

**Present:**      ☒ David Stewart    ☒ Jean Godden ☒ Glen M. Lee    ☒ Rod Rich ☒ Robert Harvey, Jr.  
                 ☒ Lou Walter

**Others Present:** Jim Taylor, ARSCE; Steve Kovac, SCL; Steve Viney, retiree; Mary Winslow, employee; Kory Hogan, Moss Adams; Nick Collier, Milliman; Jennifer Sorensen, Milliman; Carlton Seu, Esq., CAO; Paul Olsen, Esq., CAO; Cecelia M. Carter, SCERS; Michael Akiyama, SCERS; Anthony Smith, SCERS; Beverly Yapp, SCERS; Lisa Carns, SCERS.

Councilmember Godden, Chair - called the meeting to order at 9:00am

Councilmember Godden, Chair opened meeting announcing that due to the vacancy of a Retirement Board active seat, the City Council is seeking candidates from Seattle City Light to serve on the Retirement Board of Administration. The Seattle Municipal Code 4.36.130 calls for a seat vacancy to be filled by a member from the same employing unit as the original elected member. If interested, please submit application by Friday, July 8, 2011 at 5pm to Councilmember Jean Godden's office.

### Public Comment:

*there being none*

### Minutes:

**Information:** Provided in the Retirement Board packet are the minutes from the June 1, 2011 Retirement Board Regular Meeting.

**Motion:** Upon motion by Bob Harvey, seconded by Rod Rich, the Retirement Board approved the minutes from the June 1, 2011 Retirement Board Regular Meeting.

Carlton Seu, Esq. arrived at 9:02am.

### Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals:

**Information:** The following items represent normal expenses and nothing extraordinary.

Service	\$9,349,617.51
Beneficiary	\$910,628.52
Disability	\$ 75,697.36
Pension Payroll – PPE June 30, 2011	<u>\$10,335,943.39</u>

Office Payroll – PPE May 10 <sup>th</sup> & 24 <sup>th</sup> , 2011	\$ 66,591.86
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Vouchers Processed – May 31, 2011	\$1,230,125.55
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\*Expert and Consultant Services – \$171,020.95

\*Investment Management Fees – \$ 740,557.09

\*Interdepartmental Charges - \$69,732.12

\*Miscellaneous - \$248,815.39

### Immediate Withdrawals of Contributions for the month of June 2011:

<b>MEMBER</b>	<b>Department Name</b>	<b>Position</b>
Manzanares, Maria Lourdes	HSD	Case Manager
Polfus, William A	Sea Center	Usher
Talamaivao, Dorothy	Parks	Teen Devel Leader
Knox, Nancy C	SCL	Public Relations Spec
Batayola, Maria L	Sea Center	Human Resource Mgr
Bachman, Jeffrey Martin	FAS	Sr. Finan Analyst
Welzenbach, Corinna M	SPU	Senior Gardener
Owens, Shawn P	SCL	Meter Reader
Marsh, Dustin B	SCL	Cust Serv Rep
Griggs, Elizabeth J	Parks	Rec Leader
Beza, Rochelle-Lav Guadiz	SDOT	Spec 11
Akalaitis, Judith A	SPL	Librarian
Soleibe, Jose D	SCL	Energy Delivery
Kreuter, Craig A	SCL	Asst Enery Mtg Analyst
Miller, William Christopher	SPU	IT System Admin
Tau, Ulipo I	FAS	Mtc Driver
VanWinkle, Marc W	Fire	Warehouse
Dame, Anne M	SPL	Library Assoc I
Hailey, Nicholas I	SPL	Library Assoc I
Welch, Keith D	Engineering	Laborer
Marcotte, Joseph E	SCL	Sr. Elec Eng
McClure, Edward William	FFD	Janitor
Orleth, Sonya Grace	SPU	Capital Proj Coord
Giltrop, Jennifer Lynn	SPL	Public Svc Director
Bunn, Sue C	HSD	Case Manager
LaBelle, Regina	Mayors Office	Legal Council
Post, Anja	Sea Center	Usher
Muller, Travis M	DOIT	Video Spec 11
Benavides, Joseph A	SDOT	Crew Chief
Davis, Christopher G	DOIT	Sr Data Network Eng
Brawner, Susan Abilgail	SDOT	Truck Driver
Huffaker, Le	SPD	Info Tech

Bold entries above indicate refund payout made to beneficiary of a member dying while in active status.

**32 Withdrawals for a total of: \$866,263.96**

**Motion:** Upon motion by Bob Harvey, seconded by Glen Lee, the Board ratified the Retiree Payroll, Office Payroll, other Payments and Withdrawals.



## Ratification of Service Retirements:

**Information:** The following list represents the retirements that have been processed since the last Retirement Board meeting.

Retiree	RetireDt	Years	Days	DeptName	JOBTITLE	Age
Harris,Keith A	01-Jun-11	7	216	Vested	Vested	67
Mimier,Dennis N	02-Jun-11	40	136	City Light	Elecl Const&Maint Supv	64
<b>Haney,Peter J</b>	<b>03-Jun-11</b>	<b>30</b>	<b>218</b>	<b>Fire</b>	<b>Actg Tech II-BU</b>	<b>66</b>
Madsen,Bruce A	03-Jun-11	33	26	SPU	Util Acts Supv	53
Kosbab,Edwin S	02-Jun-11	30	360	City Light	Strucl Pntr	57
Mar,Michael K	08-Jun-11	30	218	SPU	Manager 3	52
Erickson,Kenneth A	08-Jun-11	27	21	SPU	Act Exec	60
Song,Myung J	08-Jun-11	26	129	DCLU	Permit Spec I	67
Cuplin,Robert L	25-May-11	12	223	Vested	Vested	57
Gilbertson,Gale W	08-Jun-11	25	188	Parks	Drainage&Wstwtr Coll CC	62
Anderson,Alene A	07-Jun-11	7	354	Vested	Vested	62
Takekawa,Anne C	02-Jun-11	22	87	Neighborhoods	Plng&Dev Spec II	59
Williams,Eryl	01-Jun-11	3	92	Vested	Portability	64
Dahl,Janice	08-Jun-11	16	145	Personnel	Manager 2 General Gov	63
Titalii,Folasa	08-Jun-11	10	247	Parks	Rec Prgm Spec	60
Jackson,Ronald	03-May-11	15	196	K.C. Health	As II	67
Saechao,Yao Vang	28-May-11	12	46	Parks	Util Laborer	58
Mangahas,Armando E	08-Jun-11	8	126	SDOT	Signal Elctn V	62
Baker,Ernest D	04-Jun-11	8	75	FAS	Mech Engr Sr	62

For the month of June: 45 new Members entered the System, 23 terminations, 19 Members retired in the System, 13 retired members removed (\$14,619.21), 5 Option D/E Continuations, 1 Option F Reductions, 1 Option C expirations and 1 19-B active death member.

**Motion:** Upon motion by Rod Rich, seconded by David Stewart, the Retirement Board approved the service retirements listed above, pending final review.

Lou Walter arrived at 9:24am.

## Ratification of Investment Transactions and Statement of Securities and Cash:

**Information:** Provided in the Retirement Board packet is the Investment Summary report that represents the transaction summary and the market value of the investments as of May 31, 2011.

Ms. Carter outlined to the Board the investment activity for the month of May 2011. For the month of May, the portfolio returned a negative 95 basis points. This compares to a negative 113 basis points on the S&P 500 and a negative 114 basis points on the Russell 3000. For year-to-date the fund returned a positive 461 basis points.

Ms. Carter informed the Board that on Friday, June 17, 2011 Attucks Asset Management was informed after business hours by Charter Capital of its voluntary termination of business. Monday, June 20, 2011, the contract was terminated and BNY Mellon was put on notice to cease trading authority to Charter. Thursday, June 23, 2011, Campbell Newman was in possession of the account. Attucks Asset Management is a manager-of-managers investment firm.

**Motion:** Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board accepted the Investment Summary report.

## **Investment Committee Report:**

**Information:** The Investment Committee is scheduled to meet at noon on Thursday, July 28, 2011 in the Retirement Office.

### **Investment Activity Requiring Board Ratification and/or Recognition -**

Ms. Carter gave an overview of the June 30, 2011 Investment Committee meeting. Representatives of Pension Consulting Alliance were present at the meeting. PCA gave an overview of the alternative asset class guidelines (draft one) on private equity and real estate. PCA requested that the committee review and provide feedback to SCERS staff. PCA will provide draft two at the July 28, 2011 Investment Committee meeting.

Ms. Carter further reported PCA recommended to the Investment Committee that Reams Asset Management be removed from the Watchlist. The SCERS portfolio managed by Reams Asset Management performed consistently over the course of the six month probationary period.

**Motion:** Upon motion of Lou Walter, seconded by Bob Harvey, the Retirement Board approved the recommendation of the Investment Committee to remove Reams Asset Management from the Watchlist.

## **Executive Director Report:**

### **RFP for Audit Services 2011-2014**

- The Moss Adams contract expires November 2011. Ms. Carter requested approval to issue an RFP for audit services.

**Motion:** Upon motion by Lou Walter, seconded by David Stewart, the Retirement Board approved RFP process for audit services 2011-2014.

### **Right of Order on Employee Contributions**

- Ms. Carter reported to the Board for discussion that currently the deferred comp elective benefit is deducted before the required retirement contribution. No motion is necessary. There will be follow-up discussions.

## **Old Business:**

### **(1) Status of Benefit Enhancements**

**Information:** The estimated current funding level of the Retirement Fund is 65.31% as of May 31, 2011.

The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation. The Board requested report showing projections. Ms. Carter will provide report.



- (2) **ON HOLD -- Items to Discuss – Tabled pending Asset / Liability Study**
- Investment Policy Guidelines
    - Real Estate
    - Hedge Funds
    - Alternative Assets
- (3) **Interdepartmental Team (IDT) Retirement Study (due to City Council Mid-2012 Budget)**
- Nothing to report.

**New Business:**

(1) **Valuation Report – January 1, 2011**

- Nick Collier and Jennifer Sorensen with Milliman, Inc. presented to the Board the January 1, 2011 dated July 6, 2011 Valuation Report. A copy has been posted on the Retirement website.
- **Motion:** Upon motion by Rod Rich, seconded by Lou Walter, the Retirement Board accepted the January 1, 2011 Valuation Report as presented by Milliman, Inc.

(2) **Authorization of Board Resolution**

- Certificate of Incumbency  
Ms. Carter asked the Board to approve and sign a re-authorization of the Board Resolution and Certificate of Incumbency.
- **Motion:** Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board accepts and approved the re-authorization of the Board Resolution and Certificate of Incumbency.

(3) **Member's Credit Interest – Discussion**

- Ms. Carter raised discussion on behalf of some board members on the credit interest currently applied at 5¾. The Retirement Board raised questions. Mr. Carlton Seu recommended the Board discuss further in Executive Session.

**The Board reserves the right to enter into executive session if necessary**

**Executive Session:**

- The Board entered executive session at 9:55am to receive legal analysis from the City Attorney's Office.
- Executive session ended at 10:14am.

**\*\*\* There were no actions taken \*\*\***

**Adjournment:**

**Motion:** Upon motion by Lou Walter, seconded by Glen Lee, the Retirement Board voted to adjourn the meeting at 10:15 a.m.

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David Stewart, Secretary